



DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY
CIVIL WORKS
108 ARMY PENTAGON
WASHINGTON DC 20310-0108

OCT 11 2006

Honorable J. Dennis Hastert
Speaker of the House
of Representatives
U.S. Capitol Building, Room H-232
Washington, D.C. 20515-0001

Dear Mr. Speaker:

Section 537 of the Water Resources Development Act (WRDA) of 1996, as amended, directed that the Secretary of the Army carry out a project for the beneficial use of dredged material at Poplar Island, Maryland. This project is currently under construction. A general reevaluation report has been prepared to evaluate expanding the project to provide additional disposal capacity for the Baltimore Harbor channels. The proposal is described in the report of the Chief of Engineers dated March 31, 2006, which includes other pertinent reports and comments and which recommends authorization of an ecosystem restoration and navigation (beneficial use of dredged material) project at Poplar Island, Chesapeake Bay, Talbot County, Maryland. The views of the Department of the Interior, the Department of Commerce, and the Environmental Protection Agency are set forth in the enclosed report. This recommendation is in partial response to Section 204 of WRDA 1992, as amended. The Secretary of the Army plans to implement the project, through the normal budget process at the appropriate time, considering national priorities, and the availability of funds.

The recommended plan consists of a 575-acre expansion of the existing Poplar Island Ecosystem Restoration Project (PIERP) to the north and northeast, comprised of 29 percent wetland habitat (165 acres), 47 percent upland habitat (270 acres), and 24 percent open water habitat (130 acres of open-water embayment habitat plus 10 acres of tidal gut habitat). The two upland cells of the existing PIERP would be raised by about 5 feet. This alternative provides approximately 28 million cubic yards of dredged material placement capacity, extends the life of the existing PIERP project by approximately seven years, and is the national ecosystem restoration (NER) plan. This alternative was chosen as the recommended plan because it provided sufficient dredged material capacity to help meet the near-term capacity need, impacted the minimum amount of borrow area outside of the lateral expansion footprint (19 acres), was the most cost-effective alternative (the NER plan), and resulted in the greatest environmental benefits (9,768 Island Community Units).



Operations of the expansion and existing project will be modified to include the placement of dredged material from the southern approach channels to the Chesapeake and Delaware Canal south of the Sassafras River. In addition, as the various elements of the restoration project are constructed, existing structures and facilities will be adapted to accommodate passive recreational and/or educational uses compatible with the project's ecosystem restoration purpose and objectives.

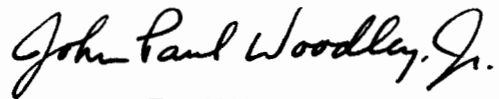
The first cost for the project expansion is estimated at \$256.1 million at October 2005 price levels and an interest rate of 5.375 percent. The Federal share of the project first cost for the expansion of the project would be about \$192.1 million and the non-Federal share of the costs would be about \$64 million, in accordance with the 75 percent Federal and 25 percent non-Federal cost sharing specified in Section 204 of WRDA 1992. Operation, maintenance, repair, rehabilitation and replacement (OMRR&R) costs for the completed project are estimated to be about \$286,000 and would be a non-Federal responsibility. The first costs of the recommended recreation facilities are estimated at \$600,000. In accordance with Section 103(c)(4) of WRDA 1986, the Federal and non-Federal cost shares would both be 50 percent, or about \$300,000 each. The OMRR&R cost for the recreation features is estimated at \$5,000 annually and is the responsibility of the non-Federal sponsor. The non-Federal sponsor is the Maryland Port Administration.

The cost of the recommended plan is justified by the restoration of approximately 575 acres of habitat and would provide for achievement of these habitat increases in the most cost effective manner. The habitats constructed as part of the project expansion would restore additional remote island habitat, a scarce and rapidly vanishing ecosystem niche within the Chesapeake Bay region that provides a vital connection for avian species between open-water and mainland terrestrial habitats within the region. The lateral and vertical expansion would also provide additional important foraging habitat for special-status species such as the Federal-listed Bald Eagle, which nests on Coaches Island adjacent to the project. Bird islands in the wetland cells of the lateral expansion would be specifically designed to encourage nesting by the State-listed Least Tern. The lateral and vertical expansion of the project would continue the contribution of the existing project to the goals of the Chesapeake Bay Program watershed partnership through its habitat and ecosystem recovery and preservation efforts. Recreation features are economically justified, providing average annual benefits of \$133,000. Based on an average annual cost of \$39,000, the recreation features have net annual benefits of \$93,500 and a benefit cost ratio of 3.4.

The Office of Management and Budget (OMB) advises that there is no objection to the submission of the report to Congress. The OMB review concluded that the recommended plan for expanding the existing Poplar Island is consistent with the policies and program of the President. A copy of its letter is enclosed. I am providing a copy of this transmittal and the OMB letter dated October 3, 2006 to the House Subcommittees on Energy and Water Development, and Water Resources and

Environment in accordance with the requirements of the Fiscal Year 2006 Energy and Water Development Appropriations Act (P.L. 109-103).

Very truly yours,

A handwritten signature in black ink that reads "John Paul Woodley, Jr." in a cursive script.

John Paul Woodley, Jr.
Assistant Secretary of the Army
(Civil Works)

Enclosures

8 Enclosures

1. Report of the Chief of Engineers, Mar 31, 2006
2. MDE Letter, Oct 19, 2005
3. DOC Letter, Oct 07, 2005
4. DOI Letter Oct 24, 2005
5. EPA Letter Nov 23, 2005
6. OMB Letter, Oct 03, 2006
7. NEPA Record of Decision, Oct 10, 2006
8. Final General Reevaluation Report (GRR) and Supplemental Environmental Impact Statement (SEIS) for Poplar Island Environmental Restoration Project, September 2005



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OCT 11 2006

Honorable Richard Cheney
President of the Senate
U.S. Capitol Building, Room S-212
Washington, D.C. 20510-0012

Dear Mr. President:

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The recommended plan consists of a 575-acre expansion of the existing Poplar Island Ecosystem Restoration Project (PIERP) to the north and northeast, comprised of 29 percent wetland habitat (165 acres), 47 percent upland habitat (270 acres), and 24 percent open water habitat (130 acres of open-water embayment habitat plus 10 acres of tidal gut habitat). The two upland cells of the existing PIERP would be raised by about 5 feet. This alternative provides approximately 28 million cubic yards of dredged material placement capacity, extends the life of the existing PIERP project by approximately seven years, and is the national ecosystem restoration (NER) plan. This alternative was chosen as the recommended plan because it provided sufficient dredged material capacity to help meet the near-term capacity need, impacted the minimum amount of borrow area outside of the lateral expansion footprint (19 acres), was the most cost-effective alternative (the NER plan), and resulted in the greatest environmental benefits (9,768 Island Community Units).



Operations of the expansion and existing project will be modified to include the placement of dredged material from the southern approach channels to the Chesapeake and Delaware Canal south of the Sassafras River. In addition, as the various elements of the restoration project are constructed, existing structures and facilities will be adapted to accommodate passive recreational and/or educational uses compatible with the project's ecosystem restoration purpose and objectives.

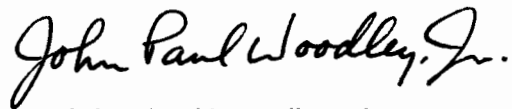
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The cost of the recommended plan is justified by the restoration of approximately 575 acres of habitat and would provide for achievement of these habitat increases in the most cost effective manner. The habitats constructed as part of the project expansion would restore additional remote island habitat, a scarce and rapidly vanishing ecosystem niche within the Chesapeake Bay region that provides a vital connection for avian species between open-water and mainland terrestrial habitats within the region. The lateral and vertical expansion would also provide additional important foraging habitat for special-status species such as the Federal-listed Bald Eagle, which nests on Coaches Island adjacent to the project. Bird islands in the wetland cells of the lateral expansion would be specifically designed to encourage nesting by the State-listed Least Tern. The lateral and vertical expansion of the project would continue the contribution of the existing project to the goals of the Chesapeake Bay Program watershed partnership through its habitat and ecosystem recovery and preservation efforts. Recreation features are economically justified, providing average annual benefits of \$133,000. Based on an average annual cost of \$39,000, the recreation features have net annual benefits of \$93,500 and a benefit cost ratio of 3.4.

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accordance with the requirements of the Fiscal Year 2006 Energy and Water Development Appropriations Act (P.L. 109-103).

Very truly yours,

A handwritten signature in black ink that reads "John Paul Woodley, Jr." The signature is written in a cursive style with a large, stylized 'J' and 'W'.

John Paul Woodley, Jr.
Assistant Secretary of the Army
(Civil Works)

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